



Maryland Health Enterprise Zone (HEZ) Health Care Practitioner Personal Income Tax Credit

What is the HEZ Health Care Practitioner Personal Income Credit?

Maryland's Health Enterprise Zone (HEZ) Healthcare Practitioner Personal Income Tax Credit program provides state income tax credits to HEZ practitioner. The HEZ practitioner may apply for tax credit in an amount equal to 100% of the amount of State income tax for income derived from practice in the HEZ. Tax credits are more valuable than deductions because credits are subtracted directly from your income tax liability.

Who may apply?

A Maryland HEZ practitioner who derives income from practicing in HEZ may apply for this tax credit.

A Maryland HEZ practitioner means that a health practitioner who is licensed or certified under the Health Occupations Article and who provides one or more of the following services in HEZ:

- (i) Primary care, including obstetrics, gynecological services, pediatric services, or geriatric services;
- (ii) Behavioral health services, including mental health or alcohol and substance abuse services; or
- (iii) Dental services.

How does my practice become certified for the HEZ Health Care Practitioner Personal Income Tax Credit?

To qualify for the HEZ Health Care Practitioner Personal Income Tax Credit, a HEZ practitioner must be certified by DHMH as a qualified HEZ practitioner eligible for the tax credits. The process includes the following steps:

- (1) The HEZ practitioner must submit a preliminary application to DHMH. If, based on the information in the application, it appears the practitioner will meet the minimum requirements of the HEZ Health Care Practitioner Personal Income Tax Credit statute; the DHMH will issue a Preliminary Certificate of Eligibility to the HEZ practitioner.
- (2) Once the HEZ practitioner meets the requirements, the HEZ practitioner must submit a final application to DHMH. If the HEZ practitioner qualifies, DHMH will issue a Final Certificate of Eligibility.
- (3) A copy of the Final Certificate of Eligibility must be attached to the HEZ practitioner's tax return (Form 502CR) when it claims the credit.



How do I claim the HEZ Health Care Practitioner Personal Income Tax Credit?

1. Apply for HEZ through The Department of Health and Mental Hygiene
2. File your tax return for the current year to the Comptroller's office
3. File forms 129 or 156 with the Comptroller's office
4. Apply for final approval through The Department of Health and Mental Hygiene
5. File an amended tax return, Form 502x to the Comptroller's office
6. Await tax credit from the Comptroller's office

Commented [CW1]: "Applying for HEZ" needs to be clarified. And should these 6 steps correspond to the 8 steps listed on the website?

Also, note that the credit is taken against the state income tax only. It is not taken against the county income tax "add-on."

More information for tax forms and tax return instructions, please visit the Comptroller of Maryland website at <http://taxes.marylandtaxes.com>

What records must a HEZ practitioner provide?

The qualified HEZ practitioner must provide following supporting documents with the final application:

- IRS form(s) that shows income(s) derived from HEZ practice(s) such as a copy of Form W-2, Form 1099 and/or Schedule C (Form 1040), AND;
- A copy of Maryland Form 502 or Form 505NR certified by the Comptroller of Maryland.

To obtain the certified copy of Maryland Form 502 or Form 505NR, please visit the Comptroller of Maryland website at <http://taxes.marylandtaxes.com> to download Form 129 'Request for Copy of Tax Form' or Form 156 'Authorization for the Release of Tax Records/Information'.

I am an eligible practitioner practicing in an HEZ but have been working in the HEZ prior to it being designated as one, do I qualify?

Yes, you do qualify.

Is business information submitted to the Department confidential?

Generally yes, subject to the provisions of the Maryland Public Information Act and of Maryland Code, Tax-General Article, Title 13, Subtitle 2 [Confidentiality]."

How is funding allocated for the tax credit?

Tax credits are subject to the availability of funds for tax credits in the Health Enterprise Zone's budget, and will be awarded on a first-come, first-served basis, as determined by DHMH in its sole discretion.

Who should I contact with more questions?

Please contact Roxanne Hale, OPCA Director, at 410-767-8649.